

COUNTY OF BRUNSWICK NORTH CAROLINA INVESTMENT AND PORTFOLIO POLICIES

SCOPE

This investment policy applies to activities of the County of Brunswick with regard to investing the financial assets of all funds.

OBJECTIVES

Funds of the County will be invested in accordance with North Carolina General Statutes Chapter 159-30. The County's investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Investments shall be made based on statutory constraints and subject to available staffing.

DELEGATION OF AUTHORITY

The Director of Fiscal Operations is designated as investment officer of the County and is responsible for investment decisions and activities. The Director of Fiscal Operations shall develop and maintain written administrative procedures for the operation of the investment program, consistent with these policies.

PRUDENCE

The standard of prudence to be applied by the Director of Fiscal Operations shall be the "prudent investor" rule, which states: "Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

The Director of Fiscal Operations, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control these adverse developments.

MONITORING AND ADJUSTING THE PORTFOLIO

The Director of Fiscal Operations will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

INTERNAL CONTROLS

Controls shall be designated to prevent loss of public funds due to fraud, error, and misrepresentation, unanticipated market changes or imprudent actions. These controls shall be reviewed annually by the independent auditor.

PORTFOLIO DIVERSIFICATION

The County will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Diversification by instrument:

- U.S. Treasury Obligations (Bills, notes and bonds)
- U.S. Government Agency Securities (FNMA, FHLMC, FHLB, and FCDN's and bullet issues)
- Bankers' Acceptances (BAs)
- Commercial Paper (Paper)
- Certificates of Deposit non negotiable (CDs)
- Local Government Investment Pool (NCCMT)

Diversification by Financial Institution

- U.S. Treasury Obligations
No maximum of the total portfolio
- U.S. Government Agency Securities
No maximum of the total portfolio
- Bankers' Acceptances (Bas)
No more than 10 percent of the total portfolio with any one institution.
- Certificates of Deposit (CDs)-Commercial Banks
No more than 10 percent of the total portfolio with any one institution.
- Local Government Investment Pool-State Pool
No maximum of the total portfolio

Maturity Scheduling:

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, debt payments) as well as considering sizable blocks of anticipated revenue. Maturities in this category shall be timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	75% minimum
Under 3 years	100% minimum

QUALIFIED INSTITUTIONS

The County shall maintain a listing of financial institutions, which are approved for investment purposes. Banks shall provide their most recent Consolidated Report of Condition at the request of the County. At minimum, the County shall conduct an annual evaluation of each bank's creditworthiness to determine whether it should be on the "Qualified Institution" listing. Securities dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers.

SAFEKEEPING AND COLLATERALIZATION

All investment securities purchased by the County shall be held in third-party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity, and other pertinent information.

REPORTING REQUIREMENTS

The Director of Fiscal Operations shall generate monthly reports to the County Manager for management purposes. In addition, the Board of Commissioners will be provided quarterly reports which will include data on investment instruments being held, as well as any narrative necessary for clarification.

Adopted this 24th day of February, 2005

David Sandifer, Chairman
Brunswick County Board of Commissioners

Attest:

Debby Gore, Clerk to the Board of County Commissioners

COUNTY OF BRUNSWICK
INVESTMENT AND PORTFOLIO GUIDELINES

U.S. TREASURIES AND AGENCIES:

There is no maximum percentage of portfolio because the securities are backed by the Full Faith and Credit of the U.S. Government. Investments of this type will be limited in maturity to the maturity of the currently traded five-year Treasury Note.

FNMA, FHLB, FHLMC, AND FFCB:

There is no maximum in these securities because of the implied backing of the U.S. Government. The same maturity limit of the currently traded five-year Treasury Note also applies to these securities.

COMMERCIAL PAPER:

A maximum of 25% of the portfolio may be invested in Commercial Paper with the appropriate A1 P1 rating(s). Within this classification, the maximum amount that may be invested in any one corporation or institution is \$5 million.

BANKERS ACCEPTANCES:

A maximum of 25% of the portfolio may be invested in qualified Bankers' Acceptances AAA rating(s) or incorporated in North Carolina. Within this classification, no more than 10% of the portfolio may be invested in Bankers Acceptances issued by one institution.

CERTIFICATES OF DEPOSITS:

No maximums as all CDs are 100% collateralized. Within this classification, no more than 10% of the portfolio may be invested in Certificates of Deposit issued by one institution.

NORTH CAROLINA CAPITAL MANAGEMENT TRUST:

To be used primarily to meet liquidity requirements as well as in interest rate environment that will yield increased returns. No maximum investment due to the diversification of investments made by the Trust.